

USDA Foreign Agricultural Service

# GAIN Report

Global Agricultural Information Network

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## **Costa Rica**

## **Coffee Annual**

## **Coffee Production, Consumption and Trade**

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**Report Highlights:**

Even with an 8.7 percent increase in production imports are needed to meet local demand.

**Executive Summary:**

According to industry sources, Costa Rica's coffee production has declined by about 37 percent since the 2000/2001 crop year. The sharp decline is attributed to the age of the plantations. According to the Costa Rican Coffee Institute (ICAFE), 40% of the plantations are over 20 years old and need renovation. The replanting process under the best scenario would take several years to show results. Therefore, we expect coffee production to remain at comparatively depressed levels at least in the short to medium term. ICAFE's replanting program is underway but it has faced obstacles including the fact that producers are reluctant to start replanting their farms during a period of high coffee prices.

**Commodities:**

Coffee, Green

**Production:**

Coffee production increased 8.7 percent to 1,573,492 60 kg bags in 2010/2011 (Note: for the purpose of this report bags refers to 60 kg bags) from 1,477,322 bags in 2009/2010. Although lower production was previously expected, improved fertilization may have resulted in higher production. Also, higher production was achieved in spite of the very wet and humid conditions experienced during 2010, which caused a much higher incidence of fungal diseases as well as direct damage in certain production areas. The 2011/2012 crop is forecast to increase to 1,640,000 bags or about 4.2 percent. Higher production is expected at this point based on normal flowering and rainfall volume during the initial period of the production process. Also, some sources indicate that as a result of the higher prices received by producers, they are investing profits in better fertilization which may result in higher production. Coffee production continues to face competition for land area, primarily from urbanization. Also, even though there are no academic or formal studies on this issue, it is believed that the sector faces a generational period of change, where many producers are becoming older and the new generations are not interested in remaining in the coffee business.

**Consumption:**

Coffee consumption numbers have been revised upwards to reflect the fact that Costa Rica has been importing green coffee to be used in local consumption. Coffee roasters have complained recently about a shortage of local coffee in the market. Given the high international prices and the high quality of the Costa Rican coffee, most of the local coffee is being exported, according to roasters. They argue that real local consumption ranges from 340,000 to 360,000 bags. To respond to the perceived lack of coffee for domestic consumption, roasters imported green coffee in 2009/2010 and have continued to do so during this marketing year. Roasters are importing lower cost coffee mostly from El Salvador and Guatemala.

**Trade:**

Costa Rica exported 1,142,849 bags of coffee in 2009/2010 (13.3% less than in the previous marketing year). Most of the coffee was exported to the United States (55.8%), Belgium (10.1%), and Germany (5.5%). Coffee exports to the United States as a percentage of total exports have grown significantly in the past decade from 29.8 percent of the total in 1999/2000 to 55.8 percent in 2009/2010. Export volume has declined sharply during the last 10 years. During 1999/2000 Costa Rica exported 2,208,184

bags, as compared to 1,142,849 bags in 2009/2010. Also, export patterns have changed. Costa Rica used to export a higher share to Europe and Japan in the past.

Although coffee has declined to third place in terms of the export value of agricultural products, it is still an important producer of foreign exchange. Coffee exports amounted to \$232.0 million in 2009 and \$259.0 million in 2010. Bananas and pineapples now surpass coffee in terms of export value.

According to preliminary data from ICAFE, the average FOB export price for the 2009/2010 coffee crop was \$204.01 as compared to \$187.34 per bag for the 2008/2009 crop. The average export price has improved since the 2001/2002 crop year. However, the Costa Rican currency, the colon, appreciated about 13 percent against the U.S. dollar during 2010 and as a result, producers did not enjoy the full benefit of the price increase.

Green coffee imports amounted to 129,565 bags during 2009/2010 and so far during the 2010/2011 marketing year, 86,230 bags have been imported through May 3, 2011. It is difficult to determine if all this coffee is destined for local consumption or for re-export, although according to roasters (see consumption) the imported coffee is required to meet domestic consumption needs.

### Production, Supply and Demand Data Statistics:

**Table 1: Production, Supply and Demand Table, Coffee, Green**

Coffee, Green Costa Rica	2009/2010		2010/2011		2011/2012	
	Market Year Begin: Oct 2009		Market Year Begin: Oct 2010		Market Year Begin: Oct 2011	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	98	98	98	98		98
Area Harvested	93	93	93	93		93
Bearing Trees	384	384	384	384		384
Non-Bearing Trees	46	46	46	46		46
Total Tree Population	430	430	430	430		430
Beginning Stocks	25	25	109	145		103
Arabica Production	1,456	1,477	1,500	1,573		1,640
Robusta Production	0	0	0	0		0
Other Production	0	0	0	0		0
Total Production	1,456	1,477	1,500	1,573		1,640
Bean Imports	103	130	50	90		80
Roast & Ground Imports	0	0	0	0		0
Soluble Imports	0	0	0	0		0
Total Imports	103	130	50	90		80

							BAGS)
Total Supply	1,584	1,632	1,659	1,808		1,823	(1000 60 KG BAGS)
Bean Exports	1,170	1,142	1,270	1,350		1,390	(1000 60 KG BAGS)
Rst-Grnd Exp.	0	0	0	0		0	(1000 60 KG BAGS)
Soluble Exports	0	0	0	0		0	(1000 60 KG BAGS)
Total Exports	1,170	1,142	1,270	1,350		1,390	(1000 60 KG BAGS)
Rst,Ground Dom. Consum	300	340	300	350		360	(1000 60 KG BAGS)
Soluble Dom. Cons.	5	5	5	5		5	(1000 60 KG BAGS)
Domestic Use	305	345	305	355		365	(1000 60 KG BAGS)
Ending Stocks	109	145	84	103		68	(1000 60 KG BAGS)
Total Distribution	1,584	1,632	1,659	1,808		1,823	(1000 60 KG BAGS)
Exportable Production	1,151	1,132	1,195	1,218		1,275	(1000 60 KG BAGS)

**Table 2: Export Trade Matrix, Coffee, Green**

Costa Rica Coffee, Green 60 kg bags	
Time Period	2009/2010
Exports for:	
U.S.	637,427
Others	
Belgium	115,487
Germany	62,415
Italy	59,047
Japan	51,803
Netherlands	42,009
Canada	28,199
Total for Others	358,960
Others not Listed	146,462
Grand Total	1,142,849

